

MEMORANDUM

NATIONAL SECURITY COUNCIL

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8 February 1973

MEMORANDUM FOR THE RECORD

SUBJECT: Budget Cycle for the Intelligence Community

One of the DCI's concerns must be the early establishment of some orderly and well thought-out community wide process for setting priorities and allocating resources. I have been concerned for some time about getting the DCI's position of increased responsibility for the community established on firm ground and working to affect the community management improvements we both know to be needed. One of my main concerns has been that the NIPM and the Planning Guidance, two documents which should play important roles in the DCI's leadership of the community, are, in their present form, not useful for the purpose.

CRITIQUE OF THE NIPM/PG

The NIPM was a very poor document with a number of serious failings:

- It was not useful as a budget, since it did not contain adequate breakouts of funds, nor descriptions of the budgetary base, nor justification for requested changes.

- It was not useful as a policy or planning document, since it skirted around critical resource allocation issues, failed to relate priorities to programs or decisions in any meaningful way, and failed to address alternatives and tradeoffs.

- It was not clearly addressed to anyone in particular.

- Its messages were muffled by style and presentation, and seemed mostly to be advocacy of CIA programs.

The Planning Guidance was somewhat better, in the sense that there were fewer things in it that were just wrong, and in the sense that

NSC review completed.

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there is probably a role for a similar detached, philosophical document in the planning process. However, it has several failings also:

- It is a "mixed bag," containing material apparently aimed at long-range planning, but also advocacy of present systems and programs.

- It, too, is not addressed to anyone.

- It does not assign goals or responsibilities.

- It is written in such a way that it would be impossible to take anyone to task for failure to comply with its provisions.

- It does not invite discussion or provide for modification.

Taken together, the NIPM/PG do not seem to fit well together, or to be part of a well thought-out process aimed at specific objectives.

I believe that the requirement for the DCI to prepare a consolidated budget and to accept broader managerial responsibility for the community entails a responsibility to insure adequate planning and programming in support of the budget. This, in turn, implies the need for some sort of planning guidance that is directive in nature, for a formal exchange of views between responsible agencies to sharpen issues and smoke out problems, for some kind of decision document to wrap up the arguments, announce selection among the alternatives, and assign clear-cut responsibilities to specific agencies.

#### POSSIBLE YEARLY BUDGET CYCLE

What I am suggesting is that the community should go through a PPBS cycle analogous to the one used by McNamara at Defense. There would be some significant differences, however. I do not believe it would be necessary to control reprogramming as rigidly as McNamara did. Also, instead of using a faintly bogus device like Draft Memoranda for the President, a more credible stamp of authority could be attached to DCI resource decisions affecting DOD, State, and others, possibly by the NSC. How this would work is not clear to me and requires further thought.

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The cycle, as I see it, would begin early in the calendar year, say in February, with a document containing specific planning and programming guidance, originated by the DCI. This document would:

- State the major objectives of the National Intelligence Program.
- Identify the programs which support these objectives.
- Relate resource inputs to programs.
- Project programs and resources into the future (five years).
- Identify major problems and issues arising in achieving the objectives with the programs and resources projected.
- State feasible alternatives and trade-offs within resource constraints.
- Propose solutions to existing and emerging problems based on analysis of the alternatives.

This document would then be placed before the IRAC for discussion. Parts of it dealing with objectives and priorities might also be taken up by the NSCIC, but the IRAC was established to serve as a forum for the discussion of resource allocation issues within the community. It has not thus far been used for this very effectively, but the opportunity now exists. The views of the IRAC members would be taken into account, and the DCI would then prepare a decision document for forwarding to the NSC and the President.

This document would:

- Contain the same basic information as the planning-programming document concerning objectives, programs and resources, but amended to take account of the preceding dialogue.

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-- Highlight major unresolved issues and areas of disagreement.

-- Discuss major alternatives for the resolution of remaining issues.

-- On the basis of this analysis, select desired alternatives and indicate responsibility for execution.

This decision document should be available about the end of July.

The next step would be budget preparation. The DCI staff would prepare a consolidated community budget based on the decisions just made and approved for the budget year, and on detailed information from various member agencies. The budget would be reviewed by the IRAC, amended as needed, and made available for review in October. The DCI staff would be the principal actors in negotiations with OMB, with support as required from the other agencies.

I believe at some point in this process, possibly in December, when the budget review is well along, the DCI should write a fairly concise memorandum for the President summarizing the budget, indicating remaining or emerging major problems and issues, and conveying some sense of how the community is doing as far as cohesiveness of effort and general movement toward the objectives are concerned.

Finally, there should also be some sort of long-range planning guidance paper which the DCI would prepare for comment by the IRAC and the NSCIC. This document would address probable future changes in the international environment, the implications for the intelligence effort, and the general directions in which current programs should evolve to meet future needs. This document should probably come out in the early part of the year.

#### REMARKS

Obviously some agreement with Defense as to how the community budgeting and programming process relates to the Defense process is crucial. Community wide budgeting might be done on a less detailed basis than that used within CIA, DOD, etc., and used as a control

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on these budgets. Also, IRAC should design appropriate studies of key issues that arise, and the DCI could arrange to have them carried out. Some decisions in IRAC or ExCom should be binding on all parties. Possibly not all decisions can be taken in those arenas, however.

In any case I see a role for four DCI documents, along the lines specified above.

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